

From: Paoletta, Tricia
To: Jackie Ruff, James Ball, Lisa Choi
Date: 2/26/03 11:00AM
Subject: FW: NTC order re termination rate issue

IB- 03-38

Wanted to make sure you saw this

Thanks

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-----Original Message-----

From: Alexiou, Lori
Sent: Wednesday, February 26, 2003 10:19 AM
To: Paoletta, Tricia
Subject: Globe Telecom

RECEIVED

FEB 26 2003

Federal Communications Commission
Office of the Secretary

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GLOBE TELECOM
INCORPORATED

IB - 03-38

GLOBE TELECOM, INC.
Globe Telecom Plaza
Pioneer corner Madison Street
Mandaluyong City, Philippines

Fax Cover Sheet

DATE **March 6, 2002** TIME: **9:16 PM**

TO : **MS. TRICIA PAOLETTA** FAX NO. **(202) 7197049**
WILEY REIN & FIELDING LLP

FROM: **ATTY. CARRIE GONZALES**

PHONE: **(632) 739-3178**

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(632)

RE:

CC:

FAX:

Number of pages including cover sheet: **3**

Message:

Attached please find copy of the NTC letter dated February 26, 2003 to the FCC re: termination rates on US-Philippines Route.



REPUBLIC OF THE PHILIPPINES
 DEPARTMENT OF TRANSPORTATION AND COMMUNICATIONS
 NATIONAL TELECOMMUNICATIONS COMMISSION
 BJR Road, East Triangle, Diliman, Quezon City

February 26, 2003

The Honorable Commissioners
 Federal Communications Commission
 Washington, DC 20554 USA

Subject Termination Rates on US-Philippines Route

SIRS/MESDAMES:

It has come to our attention that AT&T and MCI/Worldcom have filed separate petitions before the Federal Communications Commission (FCC) alleging 'whipsawing' and disruption of service on the U.S.-Philippine route on the basis that AT&T and MCI/Worldcom have not reached an agreement with Philippine carriers on termination rates.

It is the position of the National Telecommunications Commission (NTC) in keeping with international practice, commercial arrangements and national laws that termination rates are pnaate commercial arrangements entered into by carriers of their own free will pursuant to the Constitutional guarantee of freedom to contract. It is our position that the Philippine carriers' US\$0.12 per minute (for calls terminating to fixed line network) and US\$0.16 per minute [for calls terminating to mobile network) termination rate offers are still well below the US\$0.19 per minute FCC benchmark and the ITU suggested rate of US\$0.238 applicable to countries such as the Philippines and are, therefore, fair and reasonable. The Philippine termination rates are in accord with the benchmarks of the US and the International Telecommunications Union (ITU) and have been accepted by most foreign operating administrations worldwide.

Consistent with our Memorandum Order dated February 7, 2003, which we attach for your reference, we have ordered our Philippine carriers with existing and effective agreements with foreign carriers relative to termination rates to comply with the terms thereof, specifically in maintaining the flow of traffic in and between circuits and facilities covered by such agreements. In the event that there exists no effective agreements, they are encouraged to negotiate and conclude agreements. Pending any conclusion, the parties may agree on provisional/interim arrangements for continuity of service. It is, however, understood that absent any provisional or interim arrangement or agreement, there

would be termination of service between the parties who are thereby encouraged to seek other router or options to terminate traffic to the Philippines.

The NTC is most concerned with the request of AT&T and MCI/Worldcom for an immediate relief seeking the issuance by FCC of an order stopping US carriers from paying settlements to Philippine carriers until the termination rate issue is resolved. If so ordered by the FCC, this will definitely create dire consequences to the Philippine economy and is definitely detrimental for the Philippines, a developing economy with an infant telecommunications infrastructure that badly needs foreign exchange revenues.

We strongly urge FCC to give due consideration to the official position taken by the Philippines regulatory body, consistent with international comity and in the interest of all economies.

Very truly yours,


ARMY JANE R. HORJE
Commissioner


KATHLEEN G. HECETA
Deputy Commissioner

Copyfurnished:

Mr. Donald Abelson
Chief
International Bureau
Federal Communications Commission